1:Stanford U. S-4, 5 1956 AF16 SW China
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475 products of supply and marketing co-operatives on a commission basis. Private merchants purchase commodities from state trading companies at wholesale prices and resell them to consumers at retail prices fixed by the state. Joint state-private ownership has replaced private-capitalist ownership, and the state invests capital in trading firms under joint management. Throughout China approximately 200,000 private wholesale merchants and 2,000,000 retail traders had been forced to accept "socialist transformation" by the end of 1953. By early 1955, almost 100 per cent of the wholesale merchants dealing in grain, lumber, edible oil, and salt accepted the change to the "state-capitalism" arrangement.[91]

D. Private Companies

472 656 Private traders and individual merchants, too, have been led on the road of state-capitalism. As a result of the growing monopoly of state-owned companies, private wholesale dealers have either been

91. Kung-shang-chieh [Industry and Commerce] Peking, Aug. 10, 1955, p. 17.

472 squeezed out of business or transformed into
656 retail traders acting as agents of state trading companies. They are compelled to accept "socialist transformation."

After the "planned purchase and supply of grains" was introduced, nearly all of the retail dealers in grain were "transformed" into agents of the state grain markets. By the first half of 1955, over 33 per cent of the retail traders in China were acting as agents for state trading companies or co-operatives.[92] According to Communist plans, the total volume of private retail trade will be decreased from 65.9 per cent of the total retail trade in 1953 to 45.1 per cent in 1957.[93]

VI. FOOD RATIONING AND GRAIN TRADE

434 Rationing was first applied to food grain on November 19, 1953, in accordance with a government order for the enforcement of "planned purchase and planned supply of grains," designed to control the distribution of food during the period of reconstruction.

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92. Industry and Commerce, Peking, Aug. 10, 1955, No. 8, pp. 17.
93. Ibid., p. 18.